

Remarks on Small-Business Legislation

June 11, 2010

Good morning, everybody. I just finished a meeting with these small-business owners and a few of their workers. And we talked about some of the economic challenges facing these folks. And we talked about the ways that our government can make it easier for smaller firms to hire and to grow.

These men and women know how important it is because historically, small businesses have created roughly two out of every three new jobs in our country. And to replace the millions of jobs lost in the recession, we're going to need to make sure that small companies are able to open up and expand and add names to their payroll. Small businesses will help lead this economic recovery. And that's why we will continue to stand by them.

But ensuring that small businesses can thrive is about more than just economic success. It's also about who we are as a people. It's about a nation where anybody who's got a good idea and a willingness to work hard can succeed. That's the central promise of America. It's that promise that has drawn millions of people to our shores. It's what drives workers to become their own bosses. It's what propels some basement inventor to bring a new concept to market.

That's what led two guys, Bobby Pancake and Steve Wheat—their real names—who are here today, to take a chance and try their hand at actually running restaurants. Obviously, they'd have to be restaurateurs, named Pancake and Wheat. They worked for a restaurant chain for years, but they decided to leave the corporate offices and open up their own franchises. In fact, Bobby and Steve told me they recently opened up their sixth location. And Terry Haney, the general manager of one of their locations, is also here.

This same promise of being able to build your own dreams and be your own boss led Prachee—Prachee Devadas to come to this country, become a citizen, and open up what's become a successful technology services company. Prachee told me that when she started, she had just one employee. Today, she employs more than a hundred people, including her husband Anand, who is here today.

So the fact is that small businesses all across the country are hiring people, making a difference in their communities, giving back to their communities, but they've also been especially hard hit by the recession. From the middle of 2007 to the end of 2008, small businesses lost 2.4 million jobs. And because banks shrunk from lending in the midst of this financial crisis, it's been particularly difficult for small-business owners to take out loans to open up shop or expand. It's been hard to finance inventories and payroll and new equipment.

Now, I've said before and I'll repeat, Government can't guarantee success for these companies, but it can knock down barriers that prevent owners from getting loans. Government can't create private-sector jobs, but it can create the conditions for small businesses like these to grow and to hire more people. That's what's guided much of our economic agenda.

So let me be specific. Last year, we enacted seven tax cuts for America's small businesses—seven tax cuts. So far, the Recovery Act has supported over 68,000 loans to small businesses, which translates into nearly \$29 billion in new lending. More than 1,300 banks and credit unions that had not made SBA loans since before the financial crisis are now lending

again. More than \$8 billion in Federal Recovery Act contracts are now going to small businesses. In fact, Prachee has been able to add 20 part-time and full-time workers because of the Recovery Act.

In addition, as a result of a bill I signed into law a few months ago, businesses are now eligible for tax cuts when they hire. When they hire unemployed workers, they're eligible for tax cuts. Companies are also able to write off more of their investments in new equipment. And as part of the health reform package, 4 million small-business owners recently received a postcard in their mailboxes from the IRS, and it was actually good news: It told them that they could be eligible for a health care tax credit this year that could be worth perhaps tens of thousands of dollars to these small businesses.

So these and other steps are making a difference. Little more than a year ago, the economy was in freefall. Today, it's growing again. Little more than a year ago, the economy was losing an average of 750,000 jobs per month. It's now been adding jobs for 5 months in a row. But even though we are in the process of digging ourselves out of this recession, we're still in a pretty deep hole. Millions of our family members, our friends, our neighbors are still looking for work; they're still faced with the prospects of long-term unemployment. Credit is still less available than it should be, particularly to small businesses.

As small-business owners like Prachee and Bobby and Steve will tell you, we may be recovering but we're not yet recovered. We have to keep moving forward. And that's why I'm urging Congress to swiftly approve a set of tax breaks and lending incentives to spur hiring and growth at small businesses. The legislation that's being debated right now would eliminate capital gains taxes for small investment—for investments in small firms, which will help move capital to these companies across America. It will provide tax relief to small start-ups to encourage folks to open up businesses as well.

To foster more credit, the package would create the small business lending fund I proposed in my State of the Union Address to help underwrite loans through community banks. And we'd create a new State small-business credit initiative because States facing budget shortfalls are scaling back lending to small firms and manufacturers. That's working against our recovery. I'm also urging Congress to expand and extend successful SBA programs—by increasing loan limits, for example—something that could benefit people like Bobby and Steve.

In fact, since the start of my administration, we've been hearing from small businesses that want to retain and hire more employees, but they need additional credit. And we've been hearing from small community banks that want to lend more to small businesses, but they need additional capital. So this bill helps fulfill both needs. And to help us create jobs without adding to our deficit, we're making the tough choices to pay for these proposals.

So I'm hopeful that the House will pass these measures next week, and that the Senate will follow as soon as possible with both support from Democrats and Republicans. And I'm eager to sign this tax relief and additional lending into law. That's how we can continue to move our economy forward, to continue on the path from recession to recovery, but also ultimately to prosperity.

Thank you very much, everybody.

NOTE: The President spoke at 11:02 a.m. in the Rose Garden at the White House. In his remarks, he referred to Robert Pancake II and Steven Wheat, managing partners of the

Buffalo Wild Wings Grill & Bar franchise group High 5 LLC; Terry Haney, general manager, High 5 LLC-owned Buffalo Wild Wings Grill & Bar restaurant in Dover, DE; and Prachee J. Devadas, founder, CEO, and president, Synergy Enterprises, Inc., and her husband Anand Devadas. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Categories: Addresses and Remarks : Small-business legislation.

Locations: Washington, DC.

Names: Devadas, Anand; Devadas, Prachee J.; Haney, Terry; Pancake, Robert, II; Wheat, Steven.

Subjects: Budget, Federal : Deficit; Business and industry : Banks and financial institutions :: Loans to small businesses, increase; Business and industry : Credit freeze situation; Business and industry : Facility and equipment purchases, tax incentives; Business and industry : Small and minority businesses; Business and industry : Small-business lending fund, proposed; Congress : Bipartisanship; Economy, national : American Recovery and Reinvestment Act of 2009; Economy, national : Economic concerns; Economy, national : Improvement; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Employment and unemployment : Hiring Incentives to Restore Employment Act; Employment and unemployment : Job creation and growth; Employment and unemployment : Job losses; Health and medical care : Patient Protection and Affordable Care Act; Health and medical care : Small businesses, tax credits to purchase insurance coverage; Small Business Administration : Credit and working capital loans, proposed increase; Small Business Administration : Loan limits, proposed increase; Taxation : Tax relief.

DCPD Number: DCPD201000484.